



CITY OF MENIFEE

SUBJECT: Resolution of Intention for Annexation No. 29, Heritage Village, into Community Facility District 2017-1, Maintenance Services

MEETING DATE: February 19, 2025

TO: Mayor and City Council

PREPARED BY: Kristen Jensen, Financial Analyst

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Accept the Petition of Lennar Homes of California, LLC, Tentative Tract Map (TTM) 38346, located on the northwest corner of Rouse Road and Menifee Road, for annexation into Community Facilities District (“CFD No. 2017-1” or “CFD”), Maintenance Services, as Annexation Area No. 29; and
2. Adopt a resolution of intention to add Annexation No. 29 into CFD No. 2017-1, to authorize the levy of special tax therein to finance certain maintenance services, and to set a public hearing for April 2, 2025.

DISCUSSION

On December 6, 2017, the City Council adopted Resolution No. 17-658, establishing CFD No. 2017-1 pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (“Act”). CFD No. 2017-1 allows for the levy of special taxes on parcels of taxable property for the purpose of providing certain services which are necessary to meet increased demands placed by development upon the City.

The Lennar Homes of California, LLC, (“Owner”) is the Owner of TTM 38346, which consists of approximately 7.52 gross acres of a vacant lot which would be developed to include 162 multi-family residential two-story condominiums. The property is located on the northwest corner of Rouse Road and Menifee Rd, as shown in the attached Project Location Map.

The Owner has requested that the City assist in annexing TTM 38346 into CFD 2017-1 to cover the costs associated with the maintenance of public improvements. The area proposed for annexation would be designated “Annexation No. 29,” and 162 multi-family lots. Per the Owner’s

request, the City would establish a rate and method of apportionment and authorize the levy of special taxes on the taxable property within Annexation No. 29, to pay for those services.

Annexation No. 29 would have a maximum annual tax of \$339 per unit and would be included in CFD No. 2017-1 as "Tax Zone 29." This tax rate includes Maximum Special Tax A of \$274 per unit per year for maintenance services of public facilities and a Maximum Special Tax B ("Contingent Tax B") of \$65 per acre per year and would be included in the CFD No. 2017-1 as "Tax Zone 29". The maximum annual tax rate is proposed to escalate each year at the greater of the Consumer Price Index (CPI) or 2%. The attached CFD Maintenance Site Plan Exhibit illustrates which services would be maintained by the CFD.

The Owner has agreed to initiate and conduct the CFD annexation proceedings pursuant to the Act. To that end, the Owner has submitted a "Consent and Waiver" form on file in the City Clerk's Office which authorizes the City to (1) hold the election and declare election results (2) shorten election time requirements, (3) waive analysis and arguments, and (4) waive all notice requirements relating to the conduct of the election immediately following the public hearing.

The next step to annex TTM 38346 into CFD 2017-1 is to publish a notification of the proposed annexation along with the Resolution of Intention and Boundary Maps of the proposed Annexation area. A public hearing on the matter would take place on April 2, 2025, and at that time the Council would formally consider approval of the Annexation No. 29.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

The individual property owners in the CFD would be responsible for annual payments of special taxes. It is estimated, upon full completion of the tract development that there would be an annual collection of special tax revenues of approximately \$44,388 not including Contingent Tax B, to be used to pay for maintenance costs.

On June 1 of each year, every taxable acre within the boundaries of the CFD, would be subject to the special tax for the ensuing Fiscal Year. If the anticipated costs of maintaining the facilities in any given Fiscal Year, prior to buildout of the project, exceeds the special tax revenues available from parcels for which building permits have been issued, the special tax may also be applied to property within recorded final subdivision maps, as well as other undeveloped property within the boundaries of the CFD.

All costs associated with annexation into the CFD have been borne by the Owners. By annexing into the CFD, the costs of maintaining improvements located within the development would be financed through special taxes levied on the parcels within CFD No. 2017-1 and not through the City's General Fund.

ATTACHMENTS

1. Project Location Map
2. Resolution of Intention and Exhibits
3. CFD Maintenance Site Plan Exhibit